

Fiscal Note

Fiscal Services Division



SF 404 – English Language Learners, School Funding (LSB 2235SV)
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Fiscal Note Version – Revised (typographical errors)

Description

Senate File 404 increases the number of years limited English proficient (LEP) students are eligible to generate supplementary weighting for excess costs associated with LEP instruction. This Bill phases in the eligibility years from the current level of four years to seven years between FY 2014 and FY 2016.

Background

Current law allows students eligible for LEP instruction to generate additional supplementary weighting through the school aid formula for a maximum of four years. Additionally, the school districts are granted modified allowable growth from the School Budget Review Committee (SBRC) for costs associated with students that remain in the program after the supplementary weighting eligibility provision has been exhausted. The LEP supplementary weighting student eligibility provision was last increased in FY 2007 (increased from three years to four years). The following table provides the LEP supplementary weighting school aid amounts and the amount of modified allowable growth granted by the SBRC since FY 2007.

Funding Levels for Limited English Proficient (LEP) Program Students FY 2007 - Estimated FY 2014
(Dollars in Millions)

| | School Aid Funding Levels | | | | | Modified Allowable Growth Amount Granted by the SBRC | Number of Districts |
|--------------|------------------------------------|---------------|-------------------|----------------------------|---------------------|--|---------------------|
| | LEP Supplementary Weighting Amount | Total Funding | State Aid Portion | Local Property Tax Portion | Number of Districts | | |
| Est. FY 2014 | 3,392.0 | \$ 20.4 | \$ 17.8 | \$ 2.6 | 203 | N.A. | N.A. |
| FY 2013 | 3,197.0 | 19.3 | 16.8 | 2.5 | 199 | N.A. | N.A. |
| FY 2012 | 3,013.1 | 17.8 | 15.5 | 2.3 | 190 | \$ 10.8 | 104 |
| FY 2011 | 2,873.9 | 17.0 | 14.8 | 2.2 | 182 | 11.8 | 82 |
| FY 2010 | 3,187.1 | 18.5 | 16.1 | 2.4 | 216 | 11.1 | 78 |
| FY 2009 | 3,088.4 | 17.2 | 15.0 | 2.2 | 202 | 12.3 | 84 |
| FY 2008 | 2,876.3 | 15.4 | 13.4 | 2.0 | 196 | 10.3 | 70 |
| FY 2007 | 3,088.7 | 15.9 | 13.9 | 2.1 | 175 | 6.2 | 68 |

N.A. = not available

FY 2014 estimate assumes a 0.0% allowable growth rate.

Assumptions

Assumptions include:

- A 0.0% allowable growth rate for FY 2014 through FY 2016. Any allowable growth rates above these levels will increase the estimated costs.

- Growth in current law LEP weightings of 7.0% each fiscal year. The estimate also assumes a proportional increase in the weighting based on the number of years of eligibility. However, any students that exit the program before their eligibility period expires will reduce the estimated cost amounts provided in this estimate.
- The Legislative Services Agency (LSA) assumes that the amount of modified allowable growth requested by school districts will decrease significantly when the eligibility provision reaches seven years, but the specific amount is currently unknown. Reductions in modified allowable growth will likely lead to reductions in local property taxes.

Fiscal Impact

Increasing the LEP supplementary weighting years of eligibility will increase the cost of school aid funding as follows:

- By \$5.1 million in FY 2014. This includes \$4.5 million for the State aid portion and \$0.7 million for the local property tax portion.
- By \$10.9 million compared to current law estimates for FY 2015. This includes \$9.5 million for the State aid portion and \$1.4 million for the local property tax portion.
- By \$17.6 million compared to current law estimates for FY 2016. This includes \$15.3 million for the State aid portion and \$2.3 million for the local property tax portion.

Additionally, although the specific amounts are unknown, the modified allowable growth amounts requested by school districts for costs associated with LEP instruction are estimated to decrease with enactment of the Bill.

| Estimated Fiscal Impact of LEP Eligibility (Increasing from Four Years to Seven Years) | | | | | | |
|--|------------------------------|----------|------------------|--|-------------------|----------------------------|
| | LEP Supplementary Weightings | | | School Aid Change Compared to Current Law (Dollars in Millions) | | |
| | Current Law | Proposal | Estimated Impact | Total School Aid Funding | State Aid Portion | Local Property Tax Portion |
| FY 2014 | 3,392.0 | 4,240.4 | 848.5 | \$ 5.1 | \$ 4.5 | \$ 0.7 |
| FY 2015 | 3,629.5 | 5,444.3 | 1,814.8 | 10.9 | 9.5 | 1.4 |
| FY 2016 | 3,883.5 | 6,796.0 | 2,912.6 | 17.6 | 15.3 | 2.3 |

Sources

Iowa Department of Management, School Aid file

Iowa Department of Education, Certified Enrollment file and SBRC Modified Allowable Growth files

LSA analysis and calculations

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.